



**RAY COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2000**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2001-102
September 27, 2001
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2001

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Ray, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Ray County was a financial and compliance audit of various county operating funds.

- Child Support Enforcement (Title IV-D) reimbursements claimed by the Prosecuting Attorney were inaccurate and unreasonable. Operating costs claimed for reimbursement in July and August 1999 exceeded actual payments by approximately \$4,300 and \$4,350 for telephone service and utilities, respectively during those months. In addition, the percentages of time spent on IV-D activities were overstated, causing reimbursements for operating costs to be higher than allowed. For March and May 2000, the Prosecuting Attorney reported spending only six hours performing non IV-D duties. These hours appear low in comparison to time reported as spent on IV-D activities. As a result of these various concerns, total questioned costs related to the Title IV-D program were \$10,023.
- The budget documents prepared by the County Clerk for years ended December 31, 2001, 2000, and 1999, contained numerous inaccuracies and misclassifications, resulting in unreliable information about the county's finances.
- The County Commission authorized expenditures totaling \$71,200 from the Special Road and Bridge Fund for the purchase of sheriff patrol cars. State law provides that Special Road and Bridge funds are restricted for "road and bridge purposes and for no other purpose whatever."
- The county does not have a procedure in place to track federal assistance for preparation of the Schedule of Expenditures of Federal Awards. For the years ended December 31, 2000 and 1999, the county's schedule did not include expenditures related to the majority of its federal grants.

- The county incurred engineering costs of \$59,015 related to the county bridge project and \$36,600 related to two Federal Emergency Management Agency projects without considering other engineering firms. In addition, the county claimed and received \$2,920 in reimbursement for engineering costs which was not disbursed.
- Planning and Zoning permit fees were not transmitted to the County Treasurer from October 2000 through April 2001. A cash count found almost \$13,000 was on hand with checks totaling over \$4,000 having been kept at the home of the Planning and Zoning Clerk. Two permit fees, totaling \$180 were not shown on a transmittal report as ever being sent to the County Treasurer.
- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Ray County's Associate County Commissioners salaries were each increased approximately \$7,000 yearly, according to the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$14,000 for the two years ended December 31, 2000, should be repaid.

- Prosecuting Attorney employees were paid \$4,650 for unused vacation and sick leave from 1999, while they were not paid for approximately 1,500 hours of overtime reported. It is unclear whether these employees should be exempt from the requirements of the Fair Labor Standards Act (FLSA).

The audit also includes some matters related to budgeting, bidding, county travel policies, subrecipient monitoring, closed meeting minutes, property records, and restricted funds control, upon which the county should consider and take appropriate corrective action.

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RAY COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Ray County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Ray County, Missouri, as of and for the years ended December 31, 2000 and 1999, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Ray County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Ray County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Ray County, Missouri, and comparisons of such information with the corresponding

budgeted information for various funds of the county as of and for the years ended December 31, 2000 and 1999, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 21, 2001, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

May 21, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Lori Bryant
Audit Staff:	Christina Brown
	Danielle Freeman
	Mark Heater



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Ray County, Missouri

We have audited the special-purpose financial statements of various funds of Ray County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 21, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Ray County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as finding number 00-2. We also noted certain immaterial instances of noncompliance, which we have reported to the management of the county in the accompanying Letter on Other Matters.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Ray County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over

financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 00-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 00-1, to be a material weakness. We also noted other matters involving the internal control over financial reporting, which we have reported to the management of the county in the accompanying Letter on Other Matters.

This report is intended for the information of the management of Ray County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

May 21, 2001 (fieldwork completion date)

Financial Statements

Exhibit A-1

RAY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 54,451	2,050,647	2,060,465	44,633
Special Road and Bridge	118,461	1,588,400	1,672,691	34,170
Assessment	133,664	243,004	221,771	154,897
Law Enforcement Training	6,149	3,254	979	8,424
Prosecuting Attorney Training	236	2,785	2,880	141
Special Road and Bridge Sales Tax	372,495	1,164,277	1,296,625	240,147
Noxious Weed	84,319	4,454	22,575	66,198
Recorder's User Fees	18,775	22,758	21,355	20,178
Domestic Violence	2,829	2,051	2,490	2,390
Sheriff's Extradition	4,432	2,762	4,611	2,583
Sheriff's Account	15,871	68,431	67,823	16,479
Emergency Shelter	0	10,952	10,952	0
Sheriff's POST Certification	0	1,722	1,292	430
Prosecuting Attorney Bad Check	854	22,643	18,546	4,951
Focus on Kids	0	897	0	897
Health Center	177,096	588,213	569,595	195,714
Emergency 911	83,806	167,128	151,933	99,001
Senate Bill 40	75,631	343,775	297,236	122,170
Circuit Clerk's Interest	6,040	1,780	2,375	5,445
Associate Circuit Division Interest	5,765	1,087	608	6,244
Total	\$ 1,160,874	6,291,020	6,426,802	1,025,092

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

RAY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 29,467	2,113,634	2,088,650	54,451
Special Road and Bridge	11,107	1,525,879	1,418,525	118,461
Assessment	111,984	226,000	204,320	133,664
Law Enforcement Training	5,180	3,759	2,790	6,149
Prosecuting Attorney Training	3,435	946	4,145	236
Special Road and Bridge Sales Tax	302,441	655,558	585,504	372,495
Noxious Weed	97,463	3,790	16,934	84,319
Prosecuting Attorney Delinquent Tax	2,858	10	2,868	0
Recorder's User Fees	12,191	17,176	10,592	18,775
Domestic Violence	3,261	2,384	2,816	2,829
Sheriff's Extradition	3,040	4,191	2,799	4,432
Sheriff's Account	10,267	63,931	58,327	15,871
Emergency Shelter	0	15,270	15,270	0
Sheriff's POST Certification	0	2,546	2,546	0
Prosecuting Attorney Bad Check	2,568	6,124	7,838	854
Chemical Emergency Planning	0	951	951	0
Juvenile Home Studies	0	2,560	2,560	0
Missouri Valley Levee	0	8,208	8,208	0
Health Center	295,458	439,399	557,761	177,096
Emergency 911	112,985	231,445	260,624	83,806
Senate Bill 40	59,163	331,796	315,328	75,631
Circuit Clerk's Interest	5,967	1,572	1,499	6,040
Associate Circuit Division Interest	5,074	1,473	782	5,765
Total	\$ 1,073,909	5,658,602	5,571,637	1,160,874

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

RAY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 6,497,846	6,266,393	(231,453)	5,764,641	5,640,759	(123,882)
DISBURSEMENTS	6,547,293	6,407,648	139,645	6,313,681	5,552,080	761,601
RECEIPTS OVER (UNDER) DISBURSEMENTS	(49,447)	(141,255)	(91,808)	(549,040)	88,679	637,719
CASH, JANUARY 1	1,119,088	1,154,255	35,167	1,067,030	1,071,341	4,311
CASH, DECEMBER 31	1,069,641	1,013,000	(56,641)	517,990	1,160,020	642,030
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Sales taxes	1,278,200	1,300,270	22,070	1,198,500	1,228,827	30,327
Intergovernmental	202,494	264,269	61,775	282,121	337,695	55,574
Charges for services	441,877	412,661	(29,216)	440,370	447,530	7,160
Interest	10,000	11,089	1,089	13,800	8,252	(5,548)
Other	76,148	41,238	(34,910)	74,316	48,338	(25,978)
Transfers in	105,656	21,120	(84,536)	87,286	42,992	(44,294)
Total Receipts	2,114,375	2,050,647	(63,728)	2,096,393	2,113,634	17,241
DISBURSEMENTS						
County Commission	134,356	121,421	12,935	133,287	131,151	2,136
County Clerk	116,832	113,682	3,150	110,458	106,837	3,621
Elections	26,090	22,314	3,776	28,095	26,666	1,429
Buildings and grounds	150,797	138,803	11,994	137,177	141,209	(4,032)
County Treasurer	41,100	40,892	208	37,237	38,312	(1,075)
County Collector	122,082	123,162	(1,080)	116,491	115,487	1,004
Recorder of Deeds	99,572	100,249	(677)	95,125	94,380	745
Circuit Clerk	15,928	14,068	1,860	15,254	15,751	(497)
Circuit Judge	5,814	3,837	1,977	5,814	3,141	2,673
Associate Circuit and Probate Court	39,533	38,364	1,169	39,590	35,562	4,028
Court administration	1,960	1,393	567	1,960	3,880	(1,920)
Public Administrator	32,762	51,555	(18,793)	32,094	26,546	5,548
Sheriff	363,093	345,529	17,564	412,897	378,971	33,926
Jail	522,676	486,438	36,238	455,229	497,908	(42,679)
Prosecuting Attorney	234,692	231,370	3,322	191,587	201,144	(9,557)
Juvenile Officer	24,406	14,875	9,531	59,197	55,099	4,098
County Coroner	24,496	20,664	3,832	23,294	21,132	2,162
Planning and Zoning	66,485	61,916	4,569	64,529	62,078	2,451
Law Library	8,750	9,956	(1,206)	7,750	7,372	378
Court Reporter	3,000	2,003	997	3,000	1,429	1,571
Other	120,896	115,924	4,972	98,491	119,090	(20,599)
Transfers out	0	2,050	(2,050)	19,500	5,505	13,995
Total Disbursements	2,155,320	2,060,465	94,855	2,088,056	2,088,650	(594)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(40,945)	(9,818)	31,127	8,337	24,984	16,647
CASH, JANUARY 1	54,451	54,451	0	29,467	29,467	0
CASH, DECEMBER 31	13,506	44,633	31,127	37,804	54,451	16,647

Exhibit B

RAY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	427,150	417,822	(9,328)	397,150	408,949	11,799
Intergovernmental	1,365,700	1,133,917	(231,783)	1,349,300	1,080,695	(268,605)
Interest	22,320	16,726	(5,594)	20,520	8,848	(11,672)
Other	43,170	19,935	(23,235)	21,170	27,387	6,217
Total Receipts	1,858,340	1,588,400	(269,940)	1,788,140	1,525,879	(262,261)
DISBURSEMENTS						
Salaries	379,811	331,402	48,409	363,431	361,851	1,580
Employee fringe benefits	78,591	78,568	23	68,136	62,149	5,987
Supplies	120,000	133,940	(13,940)	112,500	108,093	4,407
Insurance	30,000	45,164	(15,164)	38,000	21,683	16,317
Road and bridge materials	300,000	138,642	161,358	250,000	295,655	(45,655)
Equipment repairs	100,000	95,102	4,898	45,000	87,525	(42,525)
Equipment purchases	175,000	64,295	110,705	175,000	150,064	24,936
Construction, repair, and maintenance	539,794	577,505	(37,711)	529,300	142,011	387,289
Other	202,000	208,073	(6,073)	186,500	170,501	15,999
Transfers out	20,000	0	20,000	0	18,993	(18,993)
Total Disbursements	1,945,196	1,672,691	272,505	1,767,867	1,418,525	349,342
RECEIPTS OVER (UNDER) DISBURSEMENTS	(86,856)	(84,291)	2,565	20,273	107,354	87,081
CASH, JANUARY 1	118,461	118,461	0	11,107	11,107	0
CASH, DECEMBER 31	31,605	34,170	2,565	31,380	118,461	87,081
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	208,761	222,332	13,571	213,270	215,317	2,047
Interest	8,500	12,238	3,738	9,175	8,637	(538)
Other	4,700	8,434	3,734	1,000	2,046	1,046
Total Receipts	221,961	243,004	21,043	223,445	226,000	2,555
DISBURSEMENTS						
Assessor	260,095	221,771	38,324	241,628	204,320	37,308
Total Disbursements	260,095	221,771	38,324	241,628	204,320	37,308
RECEIPTS OVER (UNDER) DISBURSEMENTS	(38,134)	21,233	59,367	(18,183)	21,680	39,863
CASH, JANUARY 1	133,664	133,664	0	111,984	111,984	0
CASH, DECEMBER 31	95,530	154,897	59,367	93,801	133,664	39,863

Exhibit B

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	4,300	2,954	(1,346)	5,000	3,759	(1,241)
Other	0	300	300	0	0	0
Total Receipts	4,300	3,254	(1,046)	5,000	3,759	(1,241)
DISBURSEMENTS						
Sheriff	4,100	979	3,121	5,000	2,790	2,210
Total Disbursements	4,100	979	3,121	5,000	2,790	2,210
RECEIPTS OVER (UNDER) DISBURSEMENTS	200	2,275	2,075	0	969	969
CASH, JANUARY 1	6,149	6,149	0	5,180	5,180	0
CASH, DECEMBER 31	6,349	8,424	2,075	5,180	6,149	969
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	950	735	(215)	1,000	946	(54)
Transfers In	0	2,050	2,050	0	0	0
Total Receipts	950	2,785	1,835	1,000	946	(54)
DISBURSEMENTS						
Prosecuting Attorney	3,000	2,880	120	3,000	4,145	(1,145)
Total Disbursements	3,000	2,880	120	3,000	4,145	(1,145)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,050)	(95)	1,955	(2,000)	(3,199)	(1,199)
CASH, JANUARY 1	236	236	0	3,436	3,435	(1)
CASH, DECEMBER 31	(1,814)	141	1,955	1,436	236	(1,200)
<u>SPECIAL ROAD AND BRIDGE SALES TAX FUND</u>						
RECEIPTS						
Sales taxes	621,000	650,824	29,824	559,600	605,269	45,669
Intergovernmental	450,000	486,570	36,570	0	30,070	30,070
Interest	17,500	26,883	9,383	17,500	20,219	2,719
Other	400	0	(400)	400	0	(400)
Total Receipts	1,088,900	1,164,277	75,377	577,500	655,558	78,058
DISBURSEMENTS						
Road and bridge materials	250,000	246,819	3,181	200,000	223,598	(23,598)
Equipment purchases	75,000	204,089	(129,089)	90,000	26,537	63,463
Construction, repair, and maintenance	265,000	630,681	(365,681)	310,000	97,561	212,439
Other	256,000	215,036	40,964	254,500	237,808	16,692
Total Disbursements	846,000	1,296,625	(450,625)	854,500	585,504	268,996
RECEIPTS OVER (UNDER) DISBURSEMENTS	242,900	(132,348)	(375,248)	(277,000)	70,054	347,054
CASH, JANUARY 1	372,495	372,495	0	302,441	302,441	0
CASH, DECEMBER 31	615,395	240,147	(375,248)	25,441	372,495	347,054

Exhibit B

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>NOXIOUS WEED FUND</u>						
RECEIPTS						
Property taxes	32,574	0	(32,574)	0	0	0
Interest	4,400	4,450	50	4,400	3,740	(660)
Other	100	4	(96)	100	50	(50)
Total Receipts	37,074	4,454	(32,620)	4,500	3,790	(710)
DISBURSEMENTS						
Salaries and fringe benefits	13,038	8,917	4,121	13,038	10,104	2,934
Supplies	8,100	7,687	413	7,000	4,285	2,715
Equipment repairs	1,000	775	225	800	875	(75)
Mileage	1,000	946	54	1,000	1,225	(225)
Insurance	2,500	3,500	(1,000)	3,500	445	3,055
Transfers out	750	750	0	750	0	750
Total Disbursements	26,388	22,575	3,813	26,088	16,934	9,154
RECEIPTS OVER (UNDER) DISBURSEMENTS	10,686	(18,121)	(28,807)	(21,588)	(13,144)	8,444
CASH, JANUARY 1	68,579	84,319	15,740	97,463	97,463	0
CASH, DECEMBER 31	79,265	66,198	(13,067)	75,875	84,319	8,444
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental				6,650	0	(6,650)
Interest				150	10	(140)
Total Receipts				6,800	10	(6,790)
DISBURSEMENTS						
Prosecuting Attorney				9,658	0	9,658
Transfers Out				0	2,868	(2,868)
Total Disbursements				9,658	2,868	6,790
RECEIPTS OVER (UNDER) DISBURSEMENTS				(2,858)	(2,858)	0
CASH, JANUARY 1				2,858	2,858	0
CASH, DECEMBER 31				0	0	0
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Intergovernmental	0	5,845	5,845	0	0	0
Charges for services	18,000	16,913	(1,087)	18,000	17,176	(824)
Total Receipts	18,000	22,758	4,758	18,000	17,176	(824)
DISBURSEMENTS						
Recorder of Deeds	16,000	21,355	(5,355)	16,000	10,592	5,408
Total Disbursements	16,000	21,355	(5,355)	16,000	10,592	5,408
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,000	1,403	(597)	2,000	6,584	4,584
CASH, JANUARY 1		18,775	18,775	12,191	12,191	0
CASH, DECEMBER 31	2,000	20,178	18,178	14,191	18,775	4,584

Exhibit B

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	3,160	1,902	(1,258)	3,000	2,251	(749)
Interest	0	149	149	160	133	(27)
Total Receipts	3,160	2,051	(1,109)	3,160	2,384	(776)
DISBURSEMENTS						
Domestic violence shelter	3,000	2,490	510	3,000	2,816	184
Total Disbursements	3,000	2,490	510	3,000	2,816	184
RECEIPTS OVER (UNDER) DISBURSEMENTS	160	(439)	(599)	160	(432)	(592)
CASH, JANUARY 1	2,829	2,829	0	3,261	3,261	0
CASH, DECEMBER 31	2,989	2,390	(599)	3,421	2,829	(592)
<u>SHERIFF'S EXTRADITION FUND</u>						
RECEIPTS						
Intergovernmental	3,000	2,762	(238)	3,000	4,191	1,191
Total Receipts	3,000	2,762	(238)	3,000	4,191	1,191
DISBURSEMENTS						
Sheriff	3,000	3,978	(978)	3,000	2,799	201
Transfers Out	0	633	(633)	0	0	0
Total Disbursements	3,000	4,611	(1,611)	3,000	2,799	201
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(1,849)	(1,849)	0	1,392	1,392
CASH, JANUARY 1	4,432	4,432	0	3,040	3,040	0
CASH, DECEMBER 31	4,432	2,583	(1,849)	3,040	4,432	1,392
<u>SHERIFF'S ACCOUNT FUND</u>						
RECEIPTS						
Intergovernmental	0	6,774	6,774	0	0	0
Charges for services	40,000	36,302	(3,698)	30,000	33,972	3,972
Other	25,000	25,355	355	35,000	29,959	(5,041)
Total Receipts	65,000	68,431	3,431	65,000	63,931	(1,069)
DISBURSEMENTS						
Salaries			0			0
Supplies and equipment	50,000	60,823	(10,823)	50,000	38,327	11,673
Transfers Out	0	7,000	(7,000)	0	20,000	(20,000)
Total Disbursements	50,000	67,823	(17,823)	50,000	58,327	(8,327)
RECEIPTS OVER (UNDER) DISBURSEMENTS	15,000	608	(14,392)	15,000	5,604	(9,396)
CASH, JANUARY 1	15,871	15,871	0	10,267	10,267	0
CASH, DECEMBER 31	30,871	16,479	(14,392)	25,267	15,871	(9,396)

Exhibit B

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>EMERGENCY SHELTER FUND</u>						
RECEIPTS						
Intergovernmental	12,000	10,952	(1,048)	9,200	15,270	6,070
Total Receipts	12,000	10,952	(1,048)	9,200	15,270	6,070
DISBURSEMENTS						
Emergency shelter	12,000	10,952	1,048	9,200	15,270	(6,070)
Total Disbursements	12,000	10,952	1,048	9,200	15,270	(6,070)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>SHERIFF'S POST CERTIFICATION FUND</u>						
RECEIPTS						
Intergovernmental	1,900	1,722	(178)	1,900	2,546	646
Total Receipts	1,900	1,722	(178)	1,900	2,546	646
DISBURSEMENTS						
Sheriff	1,900	1,292	608	1,900	2,546	(646)
Total Disbursements	1,900	1,292	608	1,900	2,546	(646)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	430	430	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	430	430	0	0	0
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	181,989	184,978	2,989	175,701	184,264	8,563
Intergovernmental	258,547	269,799	11,252	231,275	225,244	(6,031)
Interest	5,200	8,274	3,074	13,740	7,862	(5,878)
Other	119,600	125,162	5,562	12,900	22,029	9,129
Total Receipts	565,336	588,213	22,877	433,616	439,399	5,783
DISBURSEMENTS						
Salaries	331,005	303,069	27,936	329,469	308,082	21,387
Office Expenditures	40,326	47,500	(7,174)	46,858	37,216	9,642
Equipment	7,526	910	6,616	7,260	5,951	1,309
Mileage and Training	15,400	12,610	2,790	17,440	13,515	3,925
Other	220,420	205,506	14,914	197,515	192,997	4,518
Total Disbursements	614,677	569,595	45,082	598,542	557,761	40,781
RECEIPTS OVER (UNDER) DISBURSEMENTS	(49,341)	18,618	67,959	(164,926)	(118,362)	46,564
CASH, JANUARY 1	177,096	177,096	0	295,458	295,458	0
CASH, DECEMBER 31	127,755	195,714	67,959	130,532	177,096	46,564

Exhibit B

RAY COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>EMERGENCY 911 FUND</u>						
RECEIPTS						
911 phone tax	150,000	149,263	(737)	147,200	149,425	2,225
Intergovernmental	9,100	9,389	289	0	0	0
Interest	2,000	4,762	2,762	1,800	4,469	2,669
Other	40,000	3,714	(36,286)	59,062	77,551	18,489
Total Receipts	201,100	167,128	(33,972)	208,062	231,445	23,383
DISBURSEMENTS						
Salaries and fringe benefits	49,674	41,630	8,044	33,356	34,114	(758)
Office supplies and utilities	12,600	11,680	920	10,500	13,189	(2,689)
Equipment	38,036	32,145	5,891	118,026	213,211	(95,185)
Insurance	1,500	123	1,377	1,250	0	1,250
Building	15,157	13,157	2,000	21,966	0	21,966
Mileage and training	6,500	3,777	2,723	7,500	0	7,500
Data base maintenance	36,000	40,193	(4,193)	36,000	0	36,000
Reserve capitol	79,081	965	78,116	67,288	0	67,288
Other	45,769	8,263	37,506	24,035	110	23,925
Total Disbursements	284,317	151,933	132,384	319,921	260,624	59,297
RECEIPTS OVER (UNDER) DISBURSEMENTS	(83,217)	15,195	98,412	(111,859)	(29,179)	82,680
CASH, JANUARY 1	83,506	83,806	300	112,985	112,985	0
CASH, DECEMBER 31	289	99,001	98,712	1,126	83,806	82,680
<u>SENATE BILL 40 FUND</u>						
RECEIPTS						
Property taxes	295,000	332,037	37,037	280,000	296,995	16,995
Intergovernmental	1,250	1,250	0	15,000	16,250	1,250
Interest	5,000	10,488	5,488	9,000	4,589	(4,411)
Other	0	0	0	11,000	13,962	2,962
Total Receipts	301,250	343,775	42,525	315,000	331,796	16,796
DISBURSEMENTS						
Office expenditures	19,800	1,600	18,200	19,800	1,600	18,200
Equipment	70,000	45,599	24,401	63,200	79,123	(15,923)
Mileage and training	101,100	115,373	(14,273)	106,000	92,586	13,414
Other	131,100	134,664	(3,564)	120,000	142,019	(22,019)
Total Disbursements	322,000	297,236	24,764	309,000	315,328	(6,328)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(20,750)	46,539	67,289	6,000	16,468	10,468
CASH, JANUARY 1	75,631	75,631	0	59,163	59,163	0
CASH, DECEMBER 31	54,881	122,170	67,289	65,163	75,631	10,468
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	1,200	1,780	580	2,400	1,572	(828)
Total Receipts	1,200	1,780	580	2,400	1,572	(828)
DISBURSEMENTS						
Circuit clerk	300	2,375	(2,075)	1,000	1,499	(499)
Total Disbursements	300	2,375	(2,075)	1,000	1,499	(499)
RECEIPTS OVER (UNDER) DISBURSEMENTS	900	(595)	(1,495)	1,400	73	(1,327)
CASH, JANUARY 1	5,688	6,040	352	2,466	5,967	3,501
CASH, DECEMBER 31	6,588	5,445	(1,143)	3,866	6,040	2,174

Exhibit B

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

Year Ended December 31,					
2000			1999		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ASSOCIATE DIVISION INTEREST FUND</u>					
RECEIPTS					
Interest			2,525	1,473	(1,052)
Total Receipts			2,525	1,473	(1,052)
DISBURSEMENTS					
Associate division			6,321	782	5,539
Total Disbursements			6,321	782	5,539
RECEIPTS OVER (UNDER) DISBURSEMENTS			(3,796)	691	4,487
CASH, JANUARY 1			4,263	5,074	811
CASH, DECEMBER 31			467	5,765	5,298

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

RAY COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Ray County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, Health Center Board, the Senate Bill 40 Board, or the 911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Bad Check Fund	2000 and 1999
Chemical Emergency Planning Fund	1999
Juvenile Home Studies Fund	1999
Missouri Valley Levee Fund	1999
Focus on Kids Fund	2000
Associate Division Interest Fund	2000

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
General Revenue Fund	1999
Prosecuting Attorney Training Fund	1999
Special Road and Bridge Sales Tax Fund	2000
Recorder's User Fees Fund	2000
Sheriff's Extradition Fund	2000
Sheriff's Account	2000 and 1999
Emergency Shelter	1999
Sheriff's POST Certification	1999
Senate Bill 40	1999
Circuit Clerk Interest	2000 and 1999

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Although Section 50.740, RSMo 2000, requires a balanced budget, a deficit balance was budgeted in the Prosecuting Attorney Training Fund for the year ended December 31, 1999.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Juvenile Home Studies Fund	1999
Missouri Valley Levee Fund	1999
Focus on Kids Fund	1999
Health Center Fund	2000 and 1999
Emergency 911 Fund	2000
Senate Bill 40 Fund	2000 and 1999

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political

subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The financial statements do not include the cash balances of the County Collector, who collects and distributes property taxes as an agent for various local governments. However, for the purpose of these risk disclosures, the County Collector's cash balances are included since collateral securities to cover amounts not covered by federal depositary insurance are pledged to the county rather than to specific county officials.

Of the county's bank balance at December 31, 2000, \$2,432,751 was covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name, and \$3,844,687 was covered by collateral held by an independent bank but not in the county's name.

Of the county's bank balance at December 31, 1999, \$3,003,854 was covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name, and \$3,844,687 was covered by collateral pledged by one bank and held in the county's name by the safekeeping department of an affiliate of the same bank holding company.

The Health Center Board's and the Senate Bill 40 Board's deposits at December 31, 2000 and 1999, and the Emergency 911 Board's deposits at December 31, 2000 were entirely covered by federal depositary insurance or by collateral securities held by the custodial bank in the board's name.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed for the Health Center and the Senate Bill 40 Board at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Supplementary Schedule

Schedule

RAY COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2000	1999
U. S. DEPARTMENT OF AGRICULTURE				
	Passed through state:			
	Department of Social Services -			
10.550	Food Distribution	N/A	\$ 0	314
	Department of Health -			
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ER0045-9189 ER0045-0189 ER0045-1189	86,524	91,586
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
	Passed through state:			
	Department of Economic Development -			
14.228	Community Development Block Grants/State's Program	94-DR-72	0	8,208
	Department of Social Services -			
14.231	Emergency Shelter Grants Program	ER01640264	9,811	15,392
U.S. DEPARTMENT OF JUSTICE				
	Direct programs:			
16.710	Public Safety Partnership and Community Policing Grants	96UMWX0491	34,374	92,377
	Passed through:			
	State Department of Public Safety -			
16.554	National Criminal History Improvement Program	95-RU-RX-K011(452)	7,442	0
16.592	Local Law Enforcement Block Grants Program	99-LBG-079	6,774	0
U. S. DEPARTMENT OF TRANSPORTATION				
	Passed through state Highway and Transportation Commission:			
20.205	Highway Planning and Construction	BRO-089(17)	485,974	26,052
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through state Department of Public Safety:			
20.703	Hazardous Material Emergency Preparedness	N/A	1,715	5,979

Schedule

RAY COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2000	1999
GENERAL SERVICES ADMINISTRATION				
	Passed through state Office of Administration -			
39.003	Donation of Federal Surplus Personal Property	N/A	2,879	37
FEDERAL EMERGENCY MANAGEMENT AGENCY				
	Passed through state Department of Public Safety:			
83.534	Emergency Management - State and Local Assistance	1253-DR-MO	331,897	180,613
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Direct program -			
93.268	Immunization Grants	N/A	0	1,770
	Passed through state:			
	Department of Health -			
93.268	Immunization Grants	N/A	29,872	34,263
		PG0064-9189IAP	0	3,265
	Program Total		29,872	37,528
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	47,087	62,406
	Department of Health -			
93.575	Child Care and Development Block Grant	PG0067-9189 PG0067-0189 ER0146-9189 ER0146-0189	3,780	3,620
	Department of Social Services -			
93.658	Foster Care - Title IV-E	N/A	0	5,885
	Department of Health -			
93.991	Preventive Health and Health Services Block Grant	N/A	356	408
93.994	Maternal and Child Health Services	N/A	1,778	2,039
	Block Grant to the States	ER0146-9189MCH ER0146-0189MCH	14,712	20,307
	Program Total		16,490	22,346
	Total Expenditures of Federal Awards		\$ 1,064,975	554,521

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

RAY COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Ray County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Food Distribution Program (CFDA number 10.550) represent the dollar value assigned to commodities based on prices provided by the state Department of Social Services. Amounts for the Donation of Federal Surplus

Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Of the amounts for Immunization Grants (CFDA number 93.268), \$29,872 and \$34,263 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. The Preventive Health and Health Services Block Grant (CFDA number 93.991) represents the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$1,778 and \$2,039 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2000 and 1999. The remaining amounts for Immunization Grants and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

Of the federal expenditures presented in the schedule, the county provided federal awards to subrecipients as follows:

<u>Federal CFDA Number</u>	<u>Program Title</u>	<u>Amount Provided</u>	
		<u>Year Ended December 31,</u> <u>2000</u>	<u>1999</u>
14.228	Community Development Block Grants/State's Program	\$ 0	8,208
14.231	Emergency Shelter Grants Program	9,811	15,392

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Ray County, Missouri

Compliance

We have audited the compliance of Ray County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2000 and 1999. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Ray County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2000 and 1999. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance

with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 00-3 through 00-6.

Internal Control Over Compliance

The management of Ray County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 00-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 00-3, to be a material weakness.

This report is intended for the information of the management of Ray County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

May 21, 2001 (fieldwork completion date)

Schedule

RAY COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2000 AND 1999

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? x yes no

Reportable condition identified that is
not considered to be a material weakness? yes x none reported

Noncompliance material to the financial statements
noted? x yes no

Federal Awards

Internal control over major programs:

Material weakness identified? x yes no

Reportable condition identified that is
not considered to be a material weakness? yes x none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major programs:

CFDA or Other Identifying Number	Program Title
20.205	Highway Planning and Construction
83.534	Emergency Management – State and Local Assistance

Dollar threshold used to distinguish between Type A
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes the audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

00-1.

Budgetary Practices

Problems were noted with the budgets prepared by the county during the audit period. The budget documents prepared by the County Clerk for the years ended December 31, 2001, 2000, and 1999 contained numerous inaccuracies and misclassifications.

- A. When the ending cash balances for the Special Road and Bridge Fund were reconciled to the Treasurer's records, a difference of approximately \$125,000 was noted. Actual receipts had been overstated by the County Clerk by approximately \$125,000. Rather than determine the cause of the discrepancy, the County Clerk increased disbursements by \$125,000 to reconcile to the Treasurer's cash balance. Additionally, total actual receipts for 2000 presented in the Noxious Weed Fund were shown as \$(702), while the same document showed approximately \$3,500 in interest.
- B. In comparing the 2000 and 2001 budgets, we noted that reporting of the same year's receipts and disbursements differed between years for several funds. For example, 1999 actual receipts for the Special Road and Bridge Fund were shown approximately \$78,000 more on the 2001 budget than on the 2000 budget. The 2000 estimated disbursements for the Special Road and Bridge Sales Tax Fund were shown as approximately \$375,000 higher on the 2001 budget than on the 2000 budget.

These differences were caused by the County Clerk making adjustments to financial records, after year-end and preparation of the budget, causing receipt and disbursement amounts for some funds to change. These errors could have been detected had an adequate review of the amounts presented in the budget been performed by the County Clerk or County Commission.

- C. The county's budgets contained numerous misclassifications of actual receipts and disbursements. For example, all receipts from the state deposited into the General Revenue fund were classified as fees and other.

The county's budgets should include accurate classifications of receipts and disbursements to ensure the county's financial information is more consistently presented, to properly identify receipt and disbursement items, and to increase the effectiveness of the budgets as management tools.

As a result of the errors, it was necessary to make numerous adjustments to the amounts presented in the financial statements. Considering the various errors and omissions noted, the approved budgets did not provide Ray County citizens with reliable information about the county's finances.

In addition to being required by state law, complete and accurate budgets are essential for the County Commission and County Clerk to evaluate county operations and to project the anticipated needs of the county for the upcoming year. Complete and accurate budgets are also necessary to properly inform the county's citizens about the county's finances.

Similar conditions were noted in our prior report.

WE AGAIN RECOMMEND the County Commission ensure that budget documents contain complete and accurate information about the county's finances and agree to the County Treasurer's records. In addition, the County Commission and County Clerk should thoroughly review the budget document before it is finalized and made public.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We concur. Since May 2001 the Treasurer and the County Clerk's office are on a centralized computer system and have been performing monthly reconciliations. This recommendation will be implemented with the 2002 budget.

00-2. County Expenditures

During the two years ended December 31, 2000, the County Commission authorized expenditures totaling \$71,200 from the Special Road and Bridge Fund for the purchase of sheriff patrol cars. The County Commission indicated they believed this was appropriate because the Sheriff's Deputies patrol the roads and would report any problems noted with the roads.

Section 137.555, RSMo 1994, provides that Special Road and Bridge funds are restricted for "road and bridge purposes and for no other purpose whatever." Thus, it does not appear these expenditures should have been made from the Special Road and Bridge Fund.

WE RECOMMEND the County Commission reimburse the Special Road and Bridge Fund \$71,200 and ensure all future expenditures from the Special Road and Bridge Fund comply with statutes.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We agree and will ensure future expenditures are made in accordance with state statutes. We will discuss the possibility of re-paying Special Road and Bridge Fund at a future date when we feel it is economically feasible.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

00-3. Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-089(17)
Award Year:	1997
Questioned Costs:	N/A
Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	State Department of Public Safety
Federal CFDA Number:	83.534
Program Title:	Emergency Management – State and Local Assistance
Pass-Through Entity	
Identifying Number:	1253-DR-MO
Award Year:	1998
Questioned Costs:	N/A

Section .310(b) of Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's office as a part of the annual budget.

The county does not have a procedure in place to track federal assistance for preparation of the SEFA. For the SEFA to adequately reflect the county's federal expenditures, it is necessary that all federal expenditures be properly reported. For the years ended December 31, 2000 and 1999, the county's SEFA did not include expenditures related to the majority of its federal grants. The schedules only included eight of the seventeen federal programs the county participated in during the two years ended December 31, 2000. In total, expenditures were understated by approximately \$2,500 and \$125,000 for 2000 and 1999, respectively. However, for 2000, the expenditure amounts for three programs which were included on the

schedule were significantly overstated. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials. Considering the overall incompleteness and inaccuracies contained in the SEFA, it appears the County Clerk's efforts to prepare an accurate and complete SEFA were inadequate.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

A similar condition was also noted in our prior audit.

WE AGAIN RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards and submit the schedule to the State Auditor's office as part of the annual budget.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk agrees and will ensure the 2001 SEFA, submitted with the 2002 budget, is complete and accurate.

00-4.

Engineering Costs

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-089(17)
Award Year:	1997
Questioned Costs:	\$59,015
Federal Grantor:	Federal Emergency Management Agency
Pass-Through Grantor:	State Department of Public Safety
Federal CFDA Number:	83.534
Program Title:	Emergency Management – State and Local Assistance
Pass-Through Entity	
Identifying Number:	1253-DR-MO
Award Year:	1998
Questioned Costs:	\$27,450

The county contracts with the State Highway and Transportation Commission for bridge replacement and rehabilitation under the Highway Planning and Construction program. These projects are 80 percent federally funded although the county's project was 100 percent federally funded due to in-kind labor matches built up by the county. The county also contracts with the Federal Emergency Management Association for flood repairs. These projects are 75 percent federally funded.

The county incurred engineering costs of \$59,015 related to the county bridge project and \$36,600 related to two FEMA projects during the audit period. There was no documentation to indicate that the County Commission considered other engineering firms when procuring these services. The County Commission indicated they were unaware proposals from other firms were required.

Sections 8.289 and 8.291, RSMo, provide that when obtaining engineering services for any capital improvement project, at least three highly qualified firms should be considered. The firms should be evaluated based upon specified criteria including experience and technical competence, capacity and capability of the firm to perform the work in question, past record of performance, and the firm's proximity to and familiarity with the area in which the project is located. As a result, we have presented the \$86,465 as questioned costs, which is the federal share of engineering cost paid during the audit period.

A similar condition was also noted in our prior audit.

WE AGAIN RECOMMEND the County Commission resolve the questioned costs with the grantor agency. For future projects, obtain information as required by law when contracting for professional services.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We will resolve these questioned costs with the grantor agency. For future projects we will follow state statutes.

00-5.	Cash Management
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Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO-089(17)
Award Year:	1997
Questioned Costs:	N/A

The county received \$5,840 in reimbursement for engineering costs, which was not disbursed to the engineers. Due to a dispute relating to a waterline, the County Commission did not believe the county should pay the engineers' entire bill. It appears a decision was made by the County Commission not to pay the disputed portion of the bill prior to the final reimbursement claim for this project being submitted in November 2000. The County has recently paid half of the disputed amount, \$2,920, but the remaining amount is still in dispute and has not been paid.

WE RECOMMEND the County Commission repay \$2,920 to the grantor agency and ensure only actual expenses are claimed for reimbursement in the future.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

We have paid \$2,920 to the engineer and are working with the Missouri Department of Transportation to resolve the remaining amount.

00-6. Child Support Enforcement
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Federal Grantor:	U.S. Department of Health and Human Services
Pass-Through Grantor:	Department of Social Services
Federal CFDA Number:	93.563
Program Title:	Child Support Enforcement
Pass-Through Entity	
Identifying Number:	N/A
Award Years:	1999 and 2000
Questioned Costs:	\$10,023

Child Support Enforcement (Title IV-D) reimbursements claimed by the Prosecuting Attorney were inaccurate. Reimbursements are made from federal funds passed through the state department of Social Services (DSS) for this program. Personnel and most operating costs are reimbursed at 66 percent of actual expenditures. Operating costs are determined by the percentage of time spent by the office workers and elected official on Title IV-D activities. The county received reimbursements of \$6,113 for 1998, \$60,330 for 1999, \$46,950 for 2000 and \$4,438 for 2001 as of May 24, 2001. We selected seven months claims submitted during 1999 and 2000 for review and found several to be inaccurate and unreasonable.

- A. The claims submitted reporting total hours worked by the employees of the Prosecuting Attorney did not agree to the timesheets submitted by the employees to the county, resulting in excess reimbursement to the county of \$360 for personnel costs.

The total hours reported to the county on monthly timesheets for most Prosecuting Attorney employees were generally higher than the total hours reported as worked to IV-D on the monthly claim forms. For example, one employee's hours were consistently reported approximately 100 hours more on her timesheet than what was reported to IV-D. Most other employees also underreported total hours worked to IV-D. Personnel costs claimed by the Prosecuting Attorney were approximately \$73,000 and \$58,000 for 1999 and 2000, respectively.

By under-reporting total hours worked on the IV-D claims, the percentages of personnel costs were overstated, resulting in questioned costs of \$360.

B. Operating expenses claimed by the Prosecuting Attorney were not supported by adequate documentation and appeared unreasonable. Additionally, as a result of the percentages discussed in part A above, monthly reimbursements were overstated. We noted the following problems with operating cost reimbursements:

1. The Prosecuting Attorney claimed telephone expenses of approximately \$2,900 and \$2,400 in July and August 1999, respectively, which includes cellular phone costs, office phone costs, and long distance charges. In addition, approximately \$1,600 and \$3,100 in utility costs were claimed for July and August 1999, respectively. These amounts claimed exceeded actual payments by approximately \$4,300 for telephone service and by approximately \$4,350 for utilities during those months. Telephone bills paid for the other five test months were also significantly less than the amounts claimed.

The Prosecuting Attorney was unable to provide support for the amounts claimed, and for the seven months reviewed, operating costs claimed exceeded actual payments, resulting in questioned costs of \$3,397.

2. The percentages of time spent on IV-D activities were overstated for all seven months reviewed (see part A) and telephone and utility costs are reimbursed based on that percentage. The percentage of reimbursement used by the Prosecuting Attorney was higher than allowed, resulting in questioned costs of \$540.

C. For the seven months of claim forms reviewed, the Prosecuting Attorney reported that 64 percent of his total hours worked was spent on the Title IV-D program as follows:

Prosecuting Attorney's Time - Average % of Time Spent on IV-D			
	IV-D	Total Hours	%
April '99	71.0	133.5	53%
July '99	85.5	120.0	71%
August '99	110.5	136.0	81%
March '00	90.0	92.5	97%
May '00	64.5	68.5	94%
June '00	24.5	63.0	39%
July '00	5.0	92.0	5%
	451.0	705.5	64%

The number of IV-D hours reported for the Prosecuting Attorney appears high considering the county's assistant Prosecuting Attorney reported that approximately 56% of his time was spent on IV-D activities for the same seven months. Additionally, the IV-D claim reimbursements for 2000 indicated that the total number of IV-D hours claimed by the

Prosecuting Attorney and the assistant Prosecuting Attorney decreased significantly after May 2000 compared to the hours claimed during previous months. While the Prosecuting Attorney is not required to submit a monthly timesheet to the county or track his non-IV-D related time, the total hours worked as reported to IV-D appears low in comparison to time reported as spent on IV-D activities. As the chart indicates, for March and May of 2000, the Prosecuting Attorney spent 6 hours performing non IV-D duties for the county such as prosecuting criminal cases. In addition, a November 30, 1999 letter from the Prosecuting Attorney to the County Commission stated his normal workweek generally involved at least 45 to 55 hours. Had 180 hours been used when calculating monthly salary reimbursements for the Prosecuting Attorney during the seven months reviewed, the reimbursement would have been \$7,456, rather than the \$13,182 received. By not reporting total hours worked, the county received a larger reimbursement for the salary and fringe benefits. As a result of the above estimates, we have questioned costs of \$5,726.

The county is entitled to reimbursement of certain expenses incurred by the Prosecuting Attorney for enforcement of child support obligations. The reimbursement claim forms are prepared and signed by the Child Support Enforcement Investigator and are signed by the Prosecuting Attorney. Timesheets submitted to the county are prepared by each employee and are signed by the Prosecuting Attorney. The Prosecuting Attorney also signs the "Employee's Claim for IV-D Activities" forms which employees fill out to indicate the total hours worked and how many of those hours were spent on IV-D activities. By signing the various employee timesheets and claim forms, the Prosecuting Attorney is certifying, as the supervisor of the office, that the amounts and hours are accurate and reasonable, based on the work performed by the office. Based on our review, claim forms do not appear to be accurate or reasonable, resulting in the county receiving more in reimbursement than they were entitled to receive. While we have questioned costs of \$10,023, that amount would likely be greater had a further review been performed on all claims submitted for reimbursement during the two years ended December 31, 2000.

WE RECOMMEND the County Commission and Prosecuting Attorney work with the grantor agency to resolve the questioned costs. The Prosecuting Attorney should retain all supporting documentation and ensure Title IV-D claim forms are accurate and report all hours worked by the employees of his office.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The Prosecuting Attorney contacted the Division of Child Support Enforcement (DCSE) and requested an audit in July-August 2000 and nothing had been heard regarding possible problems as a result. Consequently, to the extent there were problems, we assume they have been resolved to DCSE's satisfaction. The employee responsible for any questionable documents no longer works for the county. New procedures for submitting claims have been implemented. Prior to taking office the Prosecuting Attorney obtained opinions from Labor attorneys and the responsible State and Federal agencies relating to how to properly create exempt positions under the FLSA and followed those in adoption of his office policy.

The County Commission concurs with the Prosecuting Attorney and if there are any problems we will work with the grantor agency to resolve them.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

RAY COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Ray County, Missouri, on the applicable finding in our prior audit report issued for the two years ended December 31, 1998.

98-1 Budgetary Practices

Formal budgets were not prepared for all funds and those that were submitted were not complete and lacked required information. The budgets prepared for some county funds did not present a summary and cash reconciliation page and actual expenditures for the two preceding years were not presented. In addition, the expenditures portion of the budgets was not properly classified for several county funds.

Recommendation

The County Commission and the County Clerk continue to ensure budgets are complete and accurate and include all required information as provided by state law.

Status

Not implemented. See finding 00-1.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

RAY COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

98-2. Schedule of Expenditures of Federal Awards

Federal Grantor:	U.S. Department of Justice
Pass-Through Grantor:	N/A
Federal CFDA Number:	16.710
Program Title:	Public Safety Partnership and Community Policing ("Cops") Grants

Pass-Through Entity	
Identifying Number:	N/A
Award Year:	1995
Questioned Costs:	N/A

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Off-System Bridge Replacement and Rehabilitation Program

Pass-Through Entity	
Identifying Number:	BRO-089(10), BRO-089(11), and BRO-89(15)
Award Year:	1998 and 1997
Questioned Costs:	Not applicable

The county did not have a procedure in place to track federal assistance for the preparation of the schedule of expenditures of federal awards (SEFA).

Recommendation:

The County Clerk prepare a complete and accurate schedule of expenditures of federal awards and submit the schedule to the State Auditor's office as part of the annual budget.

Status:

Not implemented. See finding number 00-3.

98-3. Federal Bridge Program

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Off-System Bridge Replacement and Rehabilitation Program
Pass-Through Entity	
Identifying Number:	BRO-089(10), BRO-089(11), and BRO-089(15)
Award Year:	1998 and 1997
Questioned Costs:	\$22,386

- A. The county had not established cash management procedures to ensure the minimum time elapses between its receipt of federal project monies and the distribution of such monies to contractors. We noted five reimbursements totaling \$261,789 where payment was not made to the contractor on a timely basis.
- B. The county incurred \$22,386 in engineering costs related to the applicable county bridge projects during the audit period. These expenditures were all made to the same engineering firm. There was no documentation to indicate that the County Commission considered other engineering firms when procuring these services.
- C. Ray County received federal bridge monies totaling \$251,763 during the audit period on behalf of the Richmond Special Road District. These monies were initially received by the county and passed on to the road district by endorsing the checks directly over to the district. The county did not perform adequate monitoring procedures related to these grant funds to ensure the monies were administered properly and in compliance with grant requirements.

Recommendation:

- A. Establish procedures to minimize the time elapsed between the receipt of federal monies and disbursement of such funds.

- B. Resolve the questioned costs with the grantor agency. For future projects, a statement of qualifications and performance data should be obtained from at least three engineering firms before contracting for these services.
- C. Ensure grant monies distributed to subrecipients are properly monitored as required by OMB Circular A-133. In addition, grant monies received by the county should be receipted and deposited and disbursed by check to the applicable parties.

Status:

- A. Not implemented. While we did note two instances during the years end December 31, 2000 and 1999 in which payments were not made to contractors on a timely basis, the amounts were immaterial. Although not repeated in the current report our recommendation remains as stated above.
- B. Not implemented. See finding number 00-4.
- C. No monies were received for or distributed to subrecipients under this federal program during the years ended December 31, 2000 and 1999.

SECTION ON OTHER MATTERS

RAY COUNTY, MISSOURI
LETTER ON OTHER MATTERS

We have audited the special-purpose financial statements of various funds of Ray County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 21, 2001. We also have audited the compliance of Ray County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 21, 2001.

We did not audit the operations of elected officials with funds other than those presented in the special-purpose financial statements. The operations of such officials will be audited and reported on during the state auditor's next scheduled audit of the county.

This Letter on Other Matters presents matters other than the findings, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These matters resulted from our audits of the special-purpose financial statements of Ray County and of its compliance with the types of compliance requirements applicable to each of its major federal programs but does not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Nevertheless, the county should consider these matters and take appropriate corrective action.

1. Budgetary and Financial Reporting Practices

Disbursements were made in excess of approved budgets for various county funds and budgets were not prepared for some county funds. The annual published financial statements did not include some county funds as required by law.

2. Expenditures

The county did not always advertise and solicit bids, nor was bid documentation always retained for various purchases. The county did not always issue Form 1099's to applicable businesses or individuals.

3. County Policies

The county's travel and reimbursement policy does not include maximum limits for all types of normal travel expenses. Some lodging expenses incurred did not appear reasonable. Amounts claimed for meals sometimes exceeded the \$31 a day maximum limit set by the county's written policy.

The county does not have a policy regarding cellular phone usage.

4. Planning and Zoning

Permit fees were not transmitted to the County Treasurer from October 2000 through April 2001. The State Auditor's Office performed a cash count in April 2001 and found \$12,927, which included 31 checks, totaling \$4,434, the Planning and Zoning Clerk had to retrieve from her home. The next day, the clerk remitted \$13,366 and a transmittal report to the County Treasurer, which included \$439 in cash which had not been made available during the cash count. Rather than having one secure location, the Planning and Zoning Clerk stored permit fees in various different places. Two permit fees for \$30 and \$150 received in March 2001 and August 2000 were not shown on a transmittal report. Receipt slips were not issued for some monies received. Checks were not restrictively endorsed immediately upon receipt. Permits were numbered by hand and, prior to November 2000, receipt slips were not prenumbered. The Planning and Zoning Clerk is not bonded. There were no reconciliations between the transmittal reports and receipt slips and/or permits issued to ensure that all monies are properly recorded and transmitted to the county.

5. Personnel and Payroll Procedures

In 1999, the Prosecuting Attorney presented a letter to the County Commission which was in contradiction to the county's written personnel policies. This letter indicated the employees in the Prosecuting Attorney's office agreed to consider themselves salaried and managerial and therefore exempt from the Fair Labor Standards Act (FLSA) in exchange for being paid for unused leave. Written job descriptions prepared by the Prosecuting Attorney and approved by the County Commission on April 13, 1999, describe each of the positions in the office as supervisory. It is unclear whether these employees should be exempt from the requirements of the FLSA. The four employees received \$4,650 in January 2000 which represents approximately 400 hours of unused vacation and sick leave from 1999. These amounts were not included on the employee's W-2 or reported on separate 1099 forms. Timesheets submitted by the employees indicated approximately 1,500 hours of overtime was worked during 1999, which was not paid by the county. Payments for unused leave were not made for 2000, but significant amounts of overtime were incurred and documented for which the employees were not paid by the county.

6. Subrecipient Monitoring

The county applied for and received a Community Development Block Grant on behalf of a drainage and levee district in the county. The close out reimbursement of \$8,207 on the grant was received and passed through to the drainage and levee district in 1999. The County Commission did not review the expenditure documentation to support the final reimbursement request.

7. Closed Meeting Minutes

While minutes of the regular County Commission meetings generally indicated the reason for entering closed session; minutes were not maintained for closed sessions. In addition, decisions made by the commission in closed session are not subsequently disclosed in open session.

8. Property Records and Procedures

Various county officials do not maintain adequate general fixed assets records or perform annual physical inventories in accordance with Section 49.093, RSMo 2000. Adequate general fixed asset records and inventory procedures are necessary to meet statutory requirements, safeguard county assets, and provide a basis for determining proper insurance coverage.

9. Associate Commissioner Salaries

Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Ray County's Associate County Commissioners salaries were each increased approximately \$7,000 yearly, according to information from the County Clerk. The County Commission indicated these raises were given in accordance with Section 50.333.13, RSMo.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$14,000 for the two years ended December 31, 2000, should be repaid.

10. Restricted Funds Controls

Unrestricted monies were deposited in the Sheriff Civil Fees Fund rather than in the General Revenue Fund. Law library fees collected by the courts are deposited into the General Revenue Fund rather than in separate Law Library Fund. No records are maintained to keep track of how the law library fees are spent.

This Letter on Other Matters is intended for the information of the management of Ray County, Missouri, and other applicable government officials. However, this letter is a matter of public record and its distribution is not limited.